



MEActive - July 2011



Welcome to the New Zealand Manufacturers and Exporters Association's monthly e-news, giving a series of updates on what we have been working on to make things better for manufacturers and exporters.



- [CEO Comment](#).
- [MEAlert](#) - Information you need to know.
- [Media Coverage](#) - Where we have been reported over the past month.
- [Media Releases](#) - Circulated to all media by the NZMEA.
- [Upcoming Events](#).
- [NZMEA Survey of Business Conditions](#).

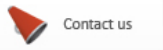


CEO COMMENT - TAX ON CAPITAL GAINS LONG OVERDUE

Labour's tax plan announced last week represents an effort to rebalance the economy towards productive enterprise and away from unproductive assets. With the tax system as it is now investment in assets is favoured. Assets provide few jobs and little tax revenue to the Government. The same investment in the productive economy provides jobs, export earnings or import substitution, higher incomes and more Government revenue.



A more balanced tax system will see investment flow to the most intrinsically profitable areas of the economy, rather than those that are tax advantaged. Furthermore, all other things being equal, the tax take from other areas will be lower.



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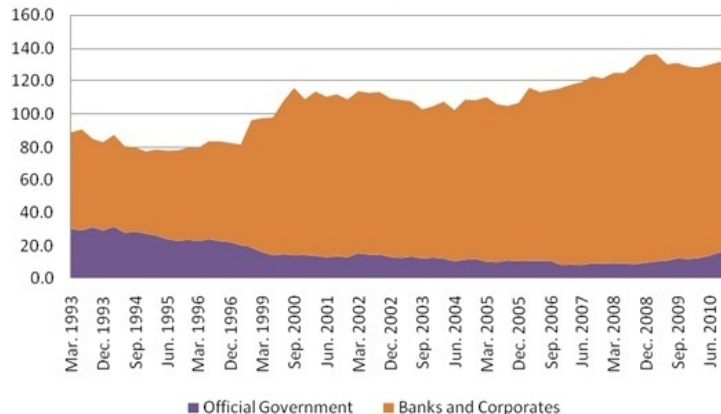


NZ wealth creation					
Borrow offshore and buy residential property					
(\$ billion)	NZ Overseas debt	Household debt	Housing values	NZX value	Managed funds
Sept 2010	253	183	599	53	64
Dec 2009	241	180	606	49	62
Dec 2008	251	175	568	41	56
Dec 2007	217	168	614	62	65
Dec 2006	192	149	559	64	64
Dec 2005	170	132	506	60	57
Dec 2004	163	114	429	61	54
Dec 2003	146	99	370	50	47
Dec 2002	144	86	282	41	44
Dec 2001	135	78	246	43	49
Dec 2000	127	73	232	42	50
Dec 1996	75	45	183	49	34*
1995 to 2010	+237%	+307%	+227%	+8%	+88%

*March 1996
Herald graphic

This table used by Brian Gaynor in an article for the NZ Herald shows the impact the tax free status of property has had. Housing values and associated debt have skyrocketed while the NZX (companies providing jobs and paying their fair share of tax) has remained stagnant.

Overseas debt as a percentage of GDP



This table shows the other key reason a tax on capital gains is warranted. The tax free status of capital gains increases the demand for asset based debt which leaves New Zealand in a vulnerable state where banks could struggle to obtain funding to service this debt, particularly if there were to be more external shocks like the global financial crisis. Irrespective of debt servicing, the act of debt expansion also has the effect of overvaluing the exchange rate, so at once the productive sector is robbed of investment and revenue.

With the dollar hitting post float highs that impact is clear and the economic situation in the United States and Europe is sufficiently fragile to require prudence in regard to public debt and

action from Government to ensure capital flows to areas that will create foreign earnings, not more foreign debt.

MEALERT

Upcoming submissions, discussion papers and surveys you may be interest in.

Joint committee CS-085 Child Restraints For Use In Motor Vehicles

Standards New Zealand would like to invite a representative from the manufacturing sector on the joint committee CS-085 Child Restraints For Use In Motor Vehicles to provide a balanced representation from New Zealand. There are currently three projects under way, as set out below with an estimated time of completion being January 2013. If you would like to be apply for this committee please contact the [NZMEA](#) or a nomination form and member deed, the NZMEA will endorse our support for those wishing to apply for these committees.

- AS/NZS 4370 Restraint of children with disabilities in motor vehicles.
- AS/NZS 3629 Methods of testing child restraints.
- AS/NZS 1754 Child restraint systems for use in motor vehicles.

Workplace Exposure Standards

The Department of Labour has just released "Workplace Exposure Standards 6th edition". A full copy of this document is available, [click here](#) for the PDF file.

As a result of the NZMEA's submission on behalf of the Furniture Trade Group, there have been changes around the requirements around Soft Wood Dust, for more information contact the [NZMEA](#).

Softwood Dust: a species classification list identifying hard- and softwood dust has been introduced. The WES-TWA for eight hour shifts for softwood dust has been reduced from 5mg/m3 to 2mg/m3. The WES-TWA for 12 hour shifts is also 2mg/m3. The 12 hour WES-TWA will be reviewed as data supporting the development of a 12 hour WES becomes available. Implementation will be staged over two years from 13 December 2010.

CNC Machinists and Foundry Moulders added to Essential Skills List

Metal Machinist (First Class) (CNC Machinist) and Metal Casting Trades Worker (Foundry Moulder) have been added to the Essential Skill Shortage List by the Department of Labour in a recent review. This means that people from overseas may be granted work visas to work in these fields. There has been a shortage of machinists for some time with insufficient apprentices being trained in New Zealand. This will allow the immediate shortage to be met, but it is important that apprentices are trained where possible.

The NZMEA will to continue to lobby for Government support to make apprentice training more affordable. The NZMEA would like to acknowledge the efforts of Lane Neave for helping us to make this possible. The changes come into effect on the 11th of July. More details are available from the [Immigration New Zealand website](#).

The NZMEA is currently working on a submission for the current round of the Immediate Skills Shortage List around the qualifications and experience needed for these occupations.

MEDIA COVERAGE

Where the NZMEA was reported during June.

1 June	Voxy.co.nz	Currency 'Head Wind' More Like a Gale - NZMEA. <i>Internet.</i>
1 June	Scoop.co.nz	'Head Wind' More Like a Gale. <i>Internet.</i>
2 June	NZ Herald	Tough Call for Exporter as Kiwi Rises. <i>Newspaper.</i>
2 June	TVNZ	Exporters Hurting Under High Dollar. <i>TV.</i>
3 June	Voxy.co.nz	Record Dollar Stifling Growth - Survey. <i>Internet.</i>
3 June	Scoop.co.nz	Record Dollar Stifles Growth. <i>Internet.</i>
3 June	TVNZ.co.nz	Nadine Chalmers-Ross: Frequent Questions. <i>Internet.</i>
5 June	Sunday Star Times	High Dollar Will Lay Low More Companies. <i>Newspaper.</i>
6 June	The Press	High Dollar Hitting Export Growth, Say Manufacturers. <i>Newspaper.</i>
7 June	NZ Management	Exporters' High Exchange Rate Hurdle. <i>Magazine.</i>
9 June	Scoop.co.nz	Revise Reserve Bank Act to tackle dollar. <i>Internet.</i>
9 June	Voxy.co.nz	Reserve Bank Objectives Must Change - NZMEA. <i>Internet.</i>
10 June	Engineering News	High Dollar Cripples Engineering Exports. <i>Magazine.</i>
10 June	Interest.co.nz	Top 10. <i>Internet.</i>
15 June	NZ Herald	Lyttleton: Shocks Nearly as Bad as Big One. <i>Newspaper.</i>
15 June	The Press	Business Impact Now Psychological. <i>Newspaper.</i>
17 June	Engineering News	Two Expert Views on the Effects of the Budget on Engineers and the New Zealand Economy. <i>Magazine.</i>
19 June	NZ Herald	Damien Grant: Exporters Must Adapt or Die. <i>Newspaper.</i>
27 June	Unlimited Magazine	Lifting Our R&D Game. <i>Magazine.</i>
30 June	Radio NZ	Thinking About a NZ/India FTA. <i>Radio.</i>

MEDIA RELEASES

Media releases submitted by the NZMEA during June. [Click here](#) to read the latest media releases.

9 June	Revise Reserve Bank Act to Tackle Dollar.
11 June	Currency 'Head Wind' More Like a Gale.

UPCOMING EVENTS

[Click here](#) for information and to register for our upcoming events.

27 July	Workshop: Develop Quick Changeover Procedures in a Competitive Manufacturing Organisation - Christchurch.
2 August	Forum: Risk Management in Lean Manufacturing - Auckland.
3 August	Workshop: Key Account Selling/Strategic Development - Christchurch
10 August	Workshop: Determine and Improve Capability for a Competitive Manufacturing Organisation - Christchurch.

	Organisation - Christchurch
16 August	Forum: Succession for Business Owners - Christchurch.
17 August	Workshop: HSNO Approved Handler Training - Christchurch.
23 August	Workshop: Customer Service - Christchurch.

Please note: To assist our Christchurch members during this difficult time Forums will be free to attend for the rest of July and August 2011.

SouthMACH is not just a trade show but an industry event not to be missed. Register [online](#) to attend SouthMACH 2011 and associated seminars and workshops. Registration is free and visitors will go into the draw to win one of five Macpac jackets worth \$350 each. For further information and a list of current exhibitors and to register [click here](#).

The Composites Association of New Zealand is sponsoring a seminar to showcase the capabilities of New Zealand composite fabricators to assist in the rebuilding and restoration of the heritage of Christchurch on Friday 19 August fro 9:30am to 4:30pm at Chateau on the Park in Christchurch. If you would like more information contact Michael@composites.org.nz.

HERA Welding Supervisor Course (AS2214): 5 – 9 September. This one week course is a readily achievable qualification for those who are supervising structural steel fabrication designed to NZS2404 and welded to AS/NZS1554. [Click here](#) for more information or email welding@hera.org.nz.

Awareness and Development: We arrange our programmes to expose as many new ideas, and repeat a lot of the old ones, quickly and clearly. This enables members to decide what ideas are most appropriate or useful for their business.